Government of Saskatchewan

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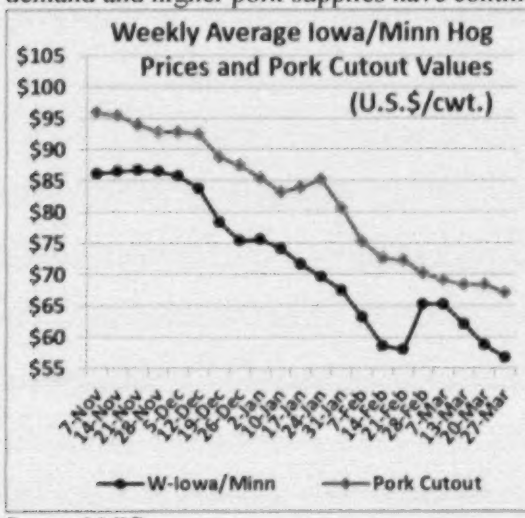
Weekly Hog Report

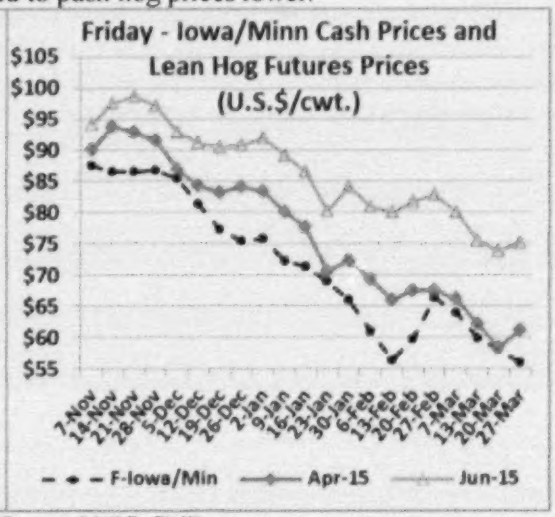
March 30, 2015

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) continued to edge lower last week with daily hog prices trending lower; week-over-week. Hog prices on Friday averaged US$55.91 per cwt, down US$2.11 per cwt from US$58.02 per cwt the previous Friday. The negotiated base price for the week averaged US$56.59 per cwt, down US$2.21 per cwt or 3.7 per cent from US$58.80 per cwt the previous week. Weak demand and higher pork supplies have continued to push hog prices lower.



Source: LMIC



Source: LMIC, CME

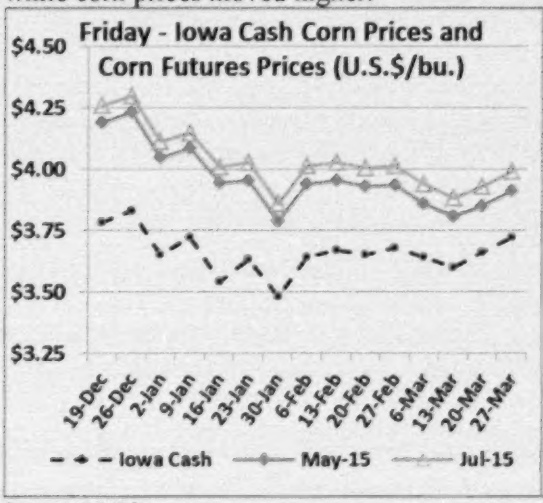
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday March 27, 2015 was $129.68 per ckg, down $6.65 per ckg from $136.33 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $130.38 per ckg, down $7.86 per ckg or 5.7 per cent from the previous weeks' average price of $138.24 per ckg. The Canadian dollar edged lower last week to close Friday at 79.37 cents, down 0.13 cents from the previous Friday's close of 79.50 cents.

Futures Markets

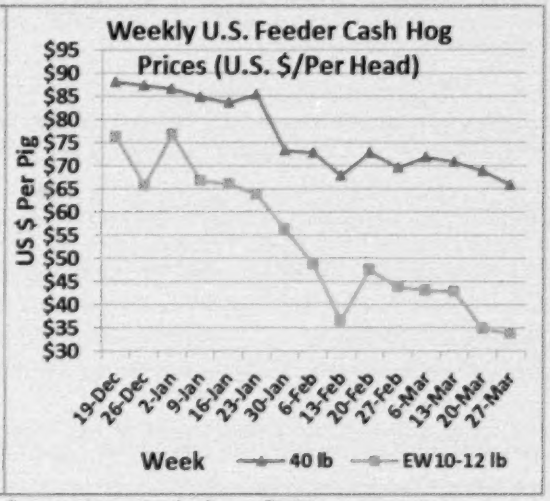
Lean hog futures daily prices were mixed over the week but overall ended the week higher, week-over-week. Nearby April and June 2015 contracts were higher while the May contract was down slightly, week-over-week. The nearby April 2015 lean hog futures contract increased US$2.675 per cwt to settle Friday at US$61.125 per cwt, while the June 2015 contract increased US$1.150 per cwt to settle Friday at US$75.00 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices moved lower last week. Weighted average cash prices for iso-weans (12lb) last week were US$33.76 per head, down US$0.93 per head from US$34.69 per head the previous week. Feeders (40lb) were US$65.61 per head, down US$3.06 per head from US$68.67 per head the previous week. Feeder pig prices moved lower the last two weeks while corn prices moved higher.



Source: LMIC



Source: Iowa Agriculture, CME

Iowa cash corn prices moved higher over the week increasing 6 cents per bushel to end Friday at US$3.72 per bushel. Daily U.S. corn futures prices were mixed over the week but were higher, week-over-week. The May 2015 corn contract increased 6 cents to settle Friday at $3.91 per bushel, while the July contract increased over 6 cents to settle Friday at US$3.99 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending March 28 were estimated at 2.270 million head, up 1.5 per cent from 2.237 million head the previous week, and up 11.8 per cent from 2.031 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks averaged 2.237 million head per week, up 9.6 per cent from 2.041 million head the same four week period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending March 21, 2015 were estimated at 398,463 head, down 3.0 per cent from 410,780 head the previous week, and down 2.4 per cent from 408,419 head the same week a year ago. Canadian hogs slaughtered over the last four weeks ending March 21, 2015, were estimated to average 409,952 head, up 2.3 per cent from 400,824 head over the same period a year ago. Canadian hogs slaughtered year-to-date in 2015 totaled 4.885 million head, up 2.1 per cent from 4.782 million head over the same period in 2014.

In Western Canada, hogs slaughtered over the last four weeks averaged 169,301 head, up 2.2 per cent from 165,700 head over the same period a year ago. Western Canadian hogs slaughtered year-to-date have totaled 2.017 million head, up about 2.6 per cent from 1.966 million head the same period a year ago.

Meat Production

U.S. pork production for the week ending March 28, 2015 was estimated at 485.9 million lb., up 1.4 per cent from 479.4 million lb. the previous week, and up 11.5 per cent from 435.9 million lb. the same week a year ago. Pork production over the last four weeks ending March 28 was estimated to average 478.8 million lb., up 9.6 per cent from 436.8 million lb. over the same four week period a year ago.

U.S. beef production for the week ending March 28, totaled 433.3 million lb., up 2.3 per cent from 423.5 million lb. the previous week, but down 6.7 per cent from 464.3 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending March 21, 2015, was estimated to average 1.973 billion lb., up 3.6 per cent from 1.904 billion lb. over the same four weeks a year ago. Total U.S. meat production year-to-date for 2015 is estimated to be up 4.0 per cent compared to the same period in 2014.

United States Weekly Meat Production

(March 21) Four Week Average - Million Lb.			Percent Change	
	2014	2015	4 Week	YTD 2015
Pork	442.0	478.3	8.2%	6.0%
Beef	450.9	430.1	-4.6%	-3.4%
Chicken	880.8	933.3	6.0%	6.6%
Turkey	129.8	131.2	1.0%	5.9%
Total	**1,903.5**	**1,972.9**	**3.64%**	**4.03%**

Source: LMIC

Cutout Values

U.S. pork cutout values for the week ending March 28, 2015 averaged US$67.02 per cwt, down US$1.35 per cwt from US$68.37 per cwt the previous week, and down 49.0 per cent from US$131.40 per cwt from a year ago. Large pork supplies continue to weight on pork cutout values prior to the spring barbeque season.

Average beef cutout values (Choice 600-900 lb.) for the week ending March 28 averaged US$248.92 per cwt, up US$2.88 per cwt from US$246.04 per cwt from the previous week, and up 3.9 per cent from US$239.57 per cwt the same week a year ago.

Average chicken cutout values (Northeast breast) for the week ending March 28 averaged US$148.28 per cwt, up US$9.40 per cwt from US$138.88 per cwt from the previous week, but down 4.9 per cent from US$155.86 per cwt.

USDA Hogs and Pigs Report

USDA released the March *Hogs and Pigs Report* on March 27, 2015. Total U.S. hog inventory numbers as of March 1, 2015, was estimated at 65.934 million head, up 7.2 per cent from 61.494 million head on March 1, 2014, but down 0.3 per cent from 66.145 million head as of December 1, 2014. (Source: USDA) Total inventory increases were slightly higher than the average 6.8 per cent increase estimated by the trade analysts.

Breeding herd inventory numbers in the United States as of March 1, 2015, was estimated at 5.982 million head, up 2.2 per cent from 5.851 million head on March 1, 2014, and up

0.7 per cent from 5.939 million head on December 1, 2014. Trade analysts had estimated for a 3.5 per cent annual increase in the breeding herd which was higher, year-over-year.

United States Hog Inventory Numbers, (1,000 head)

	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Dec.-Mar.	Y/Y(Mar.)
All Hogs & Pigs	66,906	64,775	61,494	61,568	65,979	66,145	65,934	**-0.32%**	**7.22%**
Kept for breeding	5,816	5,757	5,851	5,855	5,920	5,939	5,982	**0.72%**	**2.24%**
Market	61,090	59,018	55,643	55,713	60,059	60,207	59,953	**-0.42%**	**7.75%**
Market Hogs									
Under 50 lbs	19,824	18,389	17,336	18,254	20,390	19,026	18,959	**-0.35%**	**9.36%**
50-119 lbs	17,958	16,080	15,487	15,801	17,458	16,630	16,509	**-0.73%**	**6.60%**
120-179 lbs	12,584	12,576	12,538	11,491	12,112	12,930	13,290	**2.78%**	**6.00%**
180 lbs & Over	10,725	11,972	10,281	10,166	10,098	11,621	11,195	**-3.67%**	**8.89%**

Source: March 27, 2015 USDA Hogs & Pigs Report

Market herd inventory numbers in the United States as of March 1, 2015, was estimated at 59.953 million head, up 7.7 per cent from 55.643 million head on March 1, 2014, but down 0.4 per cent from 60.207 million head from December 1, 2014. Trade analysts were estimating market inventory numbers to increase by 7.2 per cent, year-over-year. The increase in market inventory numbers was about 0.5 per cent more than the current average trade analyst estimates. The September and December 2014 market inventory numbers were revised higher from the December 2014 USDA estimates.

Sow farrowing numbers for the December-to-February 2015 period totaled 2.829 million head, a 2.4 per cent increase from 2.763 million head the same quarter a year ago, but down from earlier estimates. The U.S. sow farrowing intentions for the March-to-May 2015 period were estimated at 2.870 million head, up 2.1 per cent from 2.810 million head the same quarter a year ago. Farrowing intentions for the June-to-August 2015 period were estimated at 2.927 million head, a decline of 2.1 per cent from 2.991 million head the same quarter a year ago. Trade estimates were estimating higher farrowing increases of 3.7 per cent for the December-to-February 2015 quarter, along with a farrowing increase of 3.1 per cent for the March-to-May 2015 quarter. Trade estimates were estimating sow farrowing's to increase 2.7 per cent for the June-to-August quarter while USDA's farrowing intentions project a 2.1 per cent decline for the quarter.

United States, Sows Farrowing and Intentions, Pigs Born

Quarterly Sows Farrowing and Intentions				Quarterly Pigs Born		
	Thousand Head			Thousand Head		
Quarter	**2013**	**2014**	**2015**	**2013**	**2014**	**2015**
Dec - Feb (1)	2,788	2,763	2,829	28,099	26,326	28,758
Mar - May	2,806	2,810	2,870 (2)	28,921	27,495	
June - Aug	2,890	2,991	2,927 (2)	29,862	30,402	
Sept - Nov	2,780	2,871		28,253	29,373	
TOTAL	**11,264**	**11,435**		**115,135**	**113,596**	

(1) December preceeding year.
(2) Farrowing Intentions.
Source: USDA Hogs and Pigs Report, March 27, 2015

The United States pig crop for the December-to-February 2015 period totaled 28.758 million head, up 9.2 per cent from 26.326 million head over the same period in 2014. The increase was in-line with the expected average trade estimates.

Sow productivity for the December-to-February 2015 period increased to 10.17 pigs per litter from 9.53 pigs per litter from the same quarter in 2014. The increases were likely due to reductions in losses from the PED virus.

The USDA's March *Hogs and Pigs Inventory Report* came in mixed with smaller increases in sow inventory and farrowing numbers, but slightly higher market inventory numbers then projected from a year ago. Farrowing intentions for the first and second quarters were lower than the average trade estimates. USDA's June-to-August 2015 farrowing intentions were negative 2.1 per cent, while the average trade estimates were estimating for a 2.7 per cent increase. Inventory numbers have increased and productivity improved as PED issues in the U.S. appear reduced. The USDA report will likely be viewed as negative to neutral for short-term prices as hog supplies are higher, although the market already knows this from current supplies. The USDA report will likely be viewed as positive for prices further out into late summer and fall as farrowing intentions were lower than expected and negative for the June-to-August 2015 period.

In his March *Quarterly Hogs and Pigs Report Analysis*, Ron Plain of the University of Missouri forecasted that U.S. commercial hog slaughter numbers would total 113.648 million head in 2015, up over six per cent from 2014. U.S. hog slaughter would peak at 29.8 million head in the fourth quarter, up just over four per cent from the fourth quarter of 2014. Prices are forecasted to rebound in the second quarter with the Iowa/Minn base carcass to average between US$68 and US$72 per cwt. (Source: Ron Plain)

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on March 23. The Unite States' pork stocks in cold storage totaled 686.1 million lb. on February 28, 2015, up 15.1 per cent from 596.3 million lb. on January 31, 2015, and up 4.8 per cent from 654.7 million lb. on February 28, 2014.

U.S. combined pork, beef, chicken and turkey stocks in cold storage totaled 2.234 billion lb. on February 28, 2015, up 6.4 per cent from 2.099 billion lb. on January 31, 2015, and up 8.6 per cent from 2.056 billion lb. on February 28, 2014. Part of the storage increases were likely related to the West Coast port strikes earlier in the year.

United States Stocks in Cold Storage (Frozen)

	1,000 Pounds		
Commodity	**February 28, 2014**	**January 31, 2015**	**February 28, 2015**
Pork	654,712	596,317	686,145
Beef	409,507	491,989	492,116
Chicken	680,943	730,735	732,030
Turkey	310,756	280,400	323,348
Total Combined	**2,055,918**	**2,099,441**	**2,233,639**

Source: NASS

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